Fdr’s new deal policies and their effectiveness assignment

History

“ Even though the New Deal programs of Franklin D. Roosevelt were massive In their size, they did not effectively solve the economic problems created by the Great Depression in the United States”. To what extend do you agree with this statement? The Great Depression in the United States began in 1929 and carried on into the sass. THIS period of time was difficult for most Americans, as many were unemployed, poor and yet still had to support their families. The mall economic problems of the Great Depression Included a lack of business Investment, reduced nonuser spending power, unemployment and a poor banking system.

Franklin Delano Roosevelt, the president at the time, knew that something had to be done immediately. Thus, he established the New Deal, a series of programs aimed at relief, reform and recovery from the Great Depression. Even though the New Deal programs of Franklin D. Roosevelt were massive in their size, they did not effectively solve the economic problems created by the Great Depression In the United States to a large extent, as even though the relief programs existed, the New Deal furthered the allure of businesses and reduced consumer purchasing power, thereby halting the flow of money in the economy.

The New Deal was harsh on large businesses, making it difficult for firms to invest and grow. Roosevelt was very much opposed large businesses from the beginning. In his first Inaugural address, he declared that money changers were now expelled from the temples of the federal government. In essence, he declared the end to the reign of large businesses and the free market. According to historian Jim Powell, Roosevelt dad an enemy out of big businesses, and very many of his New Deal programs attacked these firms.

This is shown through one of Roosevelt most hard-hitting programs, the National Recovery act of 1933, or the NEAR.

THe NEAR was aimed at protecting workers’ rights – putting a cap on hours worked per week, minimum wage, and protecting children from harsh labor conditions (e. G. 0-16 year olds were not allowed to work in factories). Additionally, while GM and Chrysler joined the NEAR, Ford did not and when they all bid to manufacture 500 trucks for the ICC, Ford won cause they had the lowest bid and they paid higher wages than Dodge. This shows how other businesses were restricted by the NEAR because Ford was able to win the bid and pay their workers better.

Furthermore, with average wages Increasing by 70% during the Great Depression, firms’ costs of production Increased. This, coupled with the fact that demand for consumer goods decreased, meant that firms made less profit and revenue. This prompted firms to lay off workers. By 1930, 500, 000 African Americans were fired due to the NEAR minimum wage law. Not only did this mean even less demand for the firm’s goods, but it also meant that firms were not recovering from the effects of the Great Depression – a lack of demand and revenue.

Firms were discouraged even further from Investing, as business taxes also to profit, called the Revenue Act. For every extra dollar of profit passed this limit, 10% of it was taxed away. Individuals were also affected, like in April of 1934 a 49 year old immigrant, Jacob Mage of New Jersey, was Jailed for 3 months and fined for charging 35 cents to press a suit rather than the 40 cents mandated by the NEAR. This discouraged firms from expanding or investing, as they had less power to do so and it was also clear that they did not have the support of the federal government.

Economist Ellis W. Hawley said, ” their tendency toward restriction, their failure to provide any incentive for expansion when an expanding economy was the crying need of the time”. With a lack of incentive, firms would not invest. A lack of profit made it so that firms did not have incentive to expand. Thus, firms were not able to do their part in playing by the law of supply and demand – where they were reducing goods and services that consumers wanted to purchase. This halted potential cash flow in the economy.

The New Deal also reduced consumer spending power, making it even more difficult to kick start American capitalism. FDA was known for his sky-high taxes. In fact, he even taxed alcohol and increased taxes for wine and beer by up to 40%. He also made personal wealth taxes more progressive – as people with income up to $9000/ year were taxed at 30% and those with $9000/year or higher were taxed at 40%. By the sass, states’ revenue increased to $4 billion from $2. Billion in 1930. Economist Benjamin Anderson thought that these taxes would have “ paralyzing” results, and they did.

With less money in their pockets, consumers could not spend as much. Furthermore, many New Deal programs that affected businesses, like the NEAR, also affected households. Unemployment rose to 20% in 1932. With no income, people spent less. There was also the issue of hunger and lack of money to even purchase food. The Agricultural Adjustment Act of 1933 cost the government $20 billion to destroy 10 Although this helped prices rise, it wasted precious food for hungry people, and made it so that they could not afford to feed their families. However, some programs helped employment.

The ICC, or Civilian Conservation Corps, employed up to 3 million men, giving them $30 a month with free lodging and food Within 5 months it had employed h a million people and 2 million by 1938. It was also beneficial to the individuals, as 40, 000 illiterate men were taught to read. This money went back to the family and helped put more money into the economy once that money was spent. The Workers Progress Administration of 1935 ND the Tennessee Valley Act of 1933 also employed more people, and in effect gave up to 6 million men Jobs to support their families.

The TVA provided Jobs, electricity and control the floods. However, with 123 million Americans, these programs did not reach the majority of the unemployed, as is seen by the fact that 75% of African Americans were unemployed, and of Americans were unemployed by 1936. Thus, the New Deal programs to a large extent did not help economic problems, as they stopped consumers from consuming and producers from producing – stopping the flow of money in the economy.